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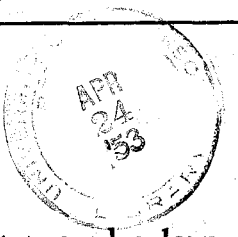

PITY THE WAYS & MEANS

By FRANK CHODOROV

THUS FAR, the present Congress has acted admirably; it hasn't passed a law. For this boon the country should be thankful, although the House of Representatives would have earned more gratitude if it had daily repealed at least one existing law, quite indiscriminately. That, however, is too much to expect of a body of men committed to the proposition that mankind is in need of improvement — mankind in general and their respective constituents in particular — and that this can be accomplished by legislation.

The improvement dishes that will eventually be served the country are now being concocted in committees. These numerous cooks are in great heat over the therapeutic qualities of various ingredients, and in their urgency to write perfect recipes they are calling upon experts for advice. This month a trickle of bills will emerge from committee, and during May some of them will pass from House to Senate, and vice versa, for further tinkering. Eventually, we can be sure, the country will have laws.

In all likelihood, nothing much will be accomplished until the last days of the session (in July, it is hoped) when, wearied of words and pulled homeward by nostalgia and the fearful dilapidation of their political fences, the Members will dump their wisdom into a mass of bills, rather precipitately, all the time hoping that they will have saved the country without doing damage to their own political fortunes. The rush to vote will be spurred by the oppressive heat and humidity of Washington in July.

One committee is much like any other, and one meeting is but a continuation of the one adjourned yesterday. So that, a look at any session gives one a picture of what is going on in Washington legislative circles these days. One committee, however, might be singled out for special attention: the House Ways & Means Committee. For these four-and-twenty brave men are literally sweating over a bill that is a bill, the bill we citizens will have to pay in the coming year for the privilege of having a government. It is seventy-nine billions of dollars they are wrestling with — and that, we must admit, "ain't hay".

The difficulties of these Members stem from their sheer inability to comprehend the meaning of even one billion. They know, in a vague way, that it represents a vast quantity of beefsteaks taken from the American table, plus an equally indeterminate amount

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of shoes the babies won't wear, plus mountains of nylon stockings that might have embraced shapely legs, and many other things people work for. But just how much is involved their inadequacy in higher mathematics prevents them from even guessing. There isn't an Einstein in the committee room.

Under the circumstances, the billions are simply ignored at these sessions, and attention is riveted on the component millions; with such miniscule figures the Members are more at home. And so, each session is devoted to listening to the pleas of agency heads for millions. Let's take a look at a few typical cases coming up for consideration.

THERE'S THE Federal Crop Insurance Corporation. This sizable chunk of what we call government was created in 1938 "to promote the national welfare by alleviating the economic distress caused by crop failures due to drought and other causes, by maintaining the purchasing power of the farmers, and by providing for staple supplies of agricultural commodities for domestic consumption and for the orderly flow thereof in interstate commerce". Later, in 1945, the enabling act was amended so that the Corporation can now insure the farmer against losses, up to 75% of the crop value, resulting from any natural or unnatural cause.

To do all these good things, the Corporation operates an insurance scheme, which, in 1952, embraced the farmers of 874 out of the 3,000 counties in the United States. (Evil-minded Republicans assert that the selection of counties was determined by political considerations.) Agricultural agents roam these areas and write insurance policies, for which labor they are paid $1.50 per signature, plus a percentage of the premium. The signature to the application is most important; the premiums need never be paid.

During the 15 years the Corporation has been doing business, the indemnities it paid out exceeded its premium collections by $74,000,000. This sum, of course, the generous taxpayer absorbed, plus $81,000,000 administration costs, which are not included in the premiums, paid or in default. Adding the two sums, we have an outgo in excess of income of $155,000,000 — something better than $10,000,000 per year. How can the Corporation get along on less next year?

This insurance business, we must remember, is confined to 874 counties. In all fairness it should be extended to all the farmers in all the counties; they all vote. If this were done, and the present rate of loss maintained, the insurance would cost the general taxpayer a mere forty millions per annum. It has been suggested, quite plausibly, that crop insurance be made compulsory, like social security. Why not?

Next item on the agenda of House Ways & Means might be the Commodity Credit Corporation. This concern buys up much of the farm products the farmers cannot sell to

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the consumer at a "fair" price. This excellent service to the favored agricultural counties has cost the American taxpayer, since 1933, a mere matter of $4,250,000,000 — or a wee bit over $200,000,000 per year. They will need at least that much for the coming fiscal year.

Then, the valiant twenty-four must take care of the Farmers Home Administration. The principal business of this agency consists of compromising, adjusting and cancelling debts and interest due the government. Since its inception, in 1934, the Farmers Home Administration has made loans to many, many farmers, and so far only 664,395 of them have defaulted on their obligations, to the extent of (not including interest) $118,369,-617. Not much of a loss, when the purpose of improving farm life is considered. (The law permits loans for building farm conveniences; does this include privies?)

Some of the loans made by Farmers Home Administration run for 40 years, so that it will be some time before we know just how much of the two billion dollars borrowed will be returned to the government. The annual report of the Administrator admits that as of June 30, 1952, delinquencies in principal payments on production and subsistence loans came to $17,093,769; fur and orchard loans have cost us another $5,223,101. Altogether, the good cause of the FHA, since it was created, has cost the American taxpayer $600 million. To carry on during the next fiscal year, it asks for a piddling $29.4 million.

THERE ARE SOME 1300 agencies, bureaus, departments and corporations in the Executive Branch of government, and if Ways & Means were to devote only one day to the examination of each request, four years will have elapsed and some of the Members will have been out of Congress for two years. Some short-cut must be found. After all, the testimony of the witnesses is stereotyped: if one cent is cut from our estimates — they say — the efficiency of the department will be impaired and the country, as a consequence, will go to hell. Why hear them all?

So, Ways & Means must resort to an arbitrary rule, which is to cut the estimates on a percentage basis. Five per cent here, ten per cent there, and so on, always keeping in mind that the present Administration has promised a reduced budget, and being guided in the percentages by the political importance of the affected agencies. This, of course, could have been done without holding any hearings at all; but to skip hearings would be contrary to the established order of things.

Rumor has it that the seventy-nine billion dollar budget prepared under the Truman regime will be pared down to about sixty-one billion. Whatever the figure, the budget will finally get to the House, and then the real fun will begin. Almost as soon as the House gets the budget, it will also get a flood of telegrams and letters from "back home".

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Somehow the beneficiaries of government handouts will have heard about the cuts before Congress is aware of them; can it be that the agencies disseminated the information? The missives will be read with wrapt attention, because within a year the Congressmen will again be asking the writers for their suffrage; as a consequence, many of the cuts will be restored before the Budget is finally voted on. That is to say, most of the work now being done by Ways and Means will come to naught. You know this when you attend a session, and you wonder why these brave and true men, all adults under the law, engage in this make-believe.

A BUDGET WILL BE PASSED. Then will come the tax bills to validate the budget. When a private corporation sets up an estimate of what it will spend during the coming year, the presumption is that it either has the money or will get it from profits on sales or borrowings; in any case, the anticipated expenditures are determined by cash on hand or income. And if income does not come up to expectations, the budget can be revised at any time. Not so with government; it decides what it is going to spend and sticks to its decision regardless of consequences. It does so because its income is based on what it can take from the pockets of the citizens, under force, as well as on its well-known faculty of creating money out of nothing.

Most of us have no interest in the activities of the agencies now pleading for "rock-bottom" appropriations. That is, most of us are not beneficiaries of the handouts; that must be so, because if all of us were on the receiving end, who would do the paying? In the handing out of privileges and advantages the politicians must be discriminatory, making their selections on the basis of the voting potential of the favored ones.

If the interests of the payers, the vast majority of citizens, were paramount at these so-called hearings, the Members would quite indiscriminately abolish the useless and expensive agencies that clutter up our lives. This majority, however, is neither organized nor articulate; honest citizens, citizens who ask for no favors from government, are averse to being organized and are too self-respecting to make raucous noises. So, they pay.

Some day, when they can no longer pay, having been taxed into a non-productive attitude, there will be a Ways & Means Committee that will write a whole budget on one side of a letter head. For the economy of the country will not then afford the luxury of an unreadable, unintelligible and utterly senseless book of figures that is now called a budget.

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HUMAN EVENTS

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Korea: A mystery — so pregnant with fear and sorrow that no one publicly mentions it — haunts the minds of those in the Capital who probe deeply behind the headlines. It concerns prisoners of war in Korea; and those who study the communiques — so optimistically reported on the air and in print — find little cause for rejoicing.

As a matter of fact, the terms of the exchange of sick and wounded in Korea has more than one observer in this great center of world diplomacy literally gasping. An exchange on the basis of about 5,000 enemies in return for 600 Americans and allies has the embassies and legations here actually stupefied. Foreign diplomats of long standing remark to us that they can recall no instance in history in which a powerful state like the U.S. ever submitted to such a proportion. All say that the U.S. should have accepted no less than a man-for-man basis — the usual practice in such a situation.

And some believe that the U.S. should have met the Soviet offer with a sharp diplomatic counter-attack, demanding Red agreement to evacuation of all Korea before negotiating a sick-and-wounded exchange. Along diplomatic row, it is remarked that the U.S. has lost a decisive round in the parley battle and created a dangerous precedent. Finally, the word gets about that "appeasement" again has captured the directors of our foreign policy.

In the Pentagon, there exists an even gloomier view. With wide, solemn eyes people in the Pentagon wonder if there isn't something worse behind the extraordinary ratio of 5,000 to 600. Isn't this a deliberate attempt to establish a precedent when dealing with POWs who are not wounded or sick? It seems incredible that there should be only 600 sick and wounded POWs. Yet — awful thought — perhaps that is an accurate figure. Perhaps the total number of our men in the hands of the enemy, but well and strong, amounts to only a fraction of those whom we have calculated to be captives. In brief, brutal terms — the Pentagon is wondering if the enemy has not killed or starved to death most of our men who were captured.

Recent history affords some grim confirmation. A few here recall the Hanley incident over a year ago. On November 14, 1951 (and subsequent days), Colonel James M. Hanley, Eighth Army Judge Advocate General in Pusan, officially charged that the Red Chinese had massacred 2,513 and the Red Koreans 3,757 American prisoners, not to mention over 7,000 South Koreans, British, Turkish and other UN army soldiers. General Ridgway confirmed the basic facts of the accusation, although shying away from details. Hanley said that the Chinese and North Korean armies in Korea were guilty of " a record of killings and barbarism unique even in the Communist world".

Not Merely Gossip: Heard last night at a Washington dinner table:

● Why did Senator Wayne Morse want to change his seat on the Senate floor? The man across from us (who ought to know since he's a Senator himself) explained that Republican colleagues, seated near Morse, kept calling him so many opprobrious names and kept making so many uncomplimentary remarks while Morse was addressing the body, that the outcast Republican Senator could not "take it". The hecklers spoke *sotto voce* so that the presiding officer could not hear and therefore did not call them to order. That's why — our informant said — Morse wanted to change his place to the Democratic side of the aisle. Why not go back to Oregon? — was one comment.

● Much talk of the mess Dulles is making — his backing of Bohlen, his endorsement of Yalta, his off-the-record conference of last week. "He put his tail between his legs and ran off to Canada." But,

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an ex-Senator present protested: "If you kick out Dulles, you'll get something worse — Dewey." Then a member of the lower House piped up: "It's not who heads the State Department that matters — it's the Undersecretary, the Assistant Secretaries and the middle bureaucrats. If you clean out the old Acheson crowd, and put good staff men in their places, they would run Dulles and he'd look all right." Others agreed that it is more important to get Undersecretary "Beedle" Smith out of the Department than Dulles — Smith is a real Acheson-Truman holdover and has influenced Dulles.

● One Republican present gave us the "low down" about the new GOP Party boss, Len Hall, saying that this was a Dewey defeat. "Hall", he insisted, "is not a Dewey man; he's a Joe Martin man. The Speaker of the House, when he started the boom for Hall two weeks ago threw down a challenge to Dewey to oppose Hall. Dewey has been on cool terms with Hall. So, Dewey (who began to count the votes for Hall on the National Committee) decided he'd better come out for Hall and 'save face'. Joe Martin and Tom Dewey are not friends. Joe Martin and Bob Taft aren't especially friendly. In 1948, Joe didn't want either Tom or Bob for President — Joe wanted Joe. In 1952, Joe favored neither Bob nor Ike — privately talked MacArthur. He and Len Hall — his old buddy — are conservatives."

● A newsman present forecasted that the Bricker constitutional amendment (to keep UN from overriding American law) has enough senatorial votes to pass; that Taft is for it in defiance of the White House and Dulles. But Taft wants to amend the amendment — to take out legal snarls criticized by the American Bar Association. Another newsman present cracked: "Taft will vote for any bill if you let him amend it."

● The visit of German Chancellor Adenauer threw off some conversational sparks. At the German reception last week, one cocktail drinker asked Chinese Ambassador Wellington Koo, "Who's going to be sold down the river to Russia — you Chinese Nationalists, or the Germans?"

● The diners ended on a hilarious note, everyone laughing at a crack made by the *New York Daily News*. It concerned Lady Nancy Astor, recently here. The *News* had urged that "ancient harridan" to "get the hell home and never come back".

Social Security: The unfortunate wretches on the Ways and Means Committee (described in this week's supplement "Pity the Ways & Means Committee" by Frank Chodorov) have more worries. What additional levies will Mrs. Hobby, the new Cabinet member for social welfare, inflict on the public purse? For, "something is cooking in Social Security", is the word going around Capitol Hill.

The big potential leak of funds in the Federal Security Administration is the phenomenon called Old Age and Survivors Insurance, a scheme somewhat similar to that promoted by the late Charles Ponzi (who consequently got in the toils of the criminal courts). Present beneficiaries are paid "annuities" largely out of the social security taxes contributed by those not yet old enough to retire. The system is called "insurance" by courtesy only. For, more and more of the beneficiaries are reaching the retirement age as time goes on, and eventually the social security taxes will not be large enough to pay the annuities. Hence, the big $64 question has always been: what will happen when benefit payments exceed the security tax income?

Now it appears that the dread day of reckoning may be nearer than had been supposed. Rumors have been persistent for weeks that the FSA bureaucrats were making ready a project which they hoped would simultaneously outwit Eisenhower and Mrs. Hobby, keep themselves in power, postpone the dread day of reckoning and leave the present system intact.

Substance of the rumors: that over a period of weeks the inner circle of the Federal Security Administration — including Isidore Falk, the compulsory health "insurance" propagandist; Robert Ball, another skillful window-dresser for FSA schemes; and Wilbur Cohen, technical advisor — have been meeting in secret, and without the knowledge of the beauteous Mrs. Hobby.

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Here's what they reportedly have been hatching: There are more than five million persons 65 and over in this country who receive no benefit of any kind from the system. Over the years, there has been increasing clamor about these people. It is said that the inner circle may soon propose sweeping this great outside group into the system and giving them some sort of basic benefit. This will take a great deal of money. Where is it to come from? Directly out of the Federal Treasury and that is where the poor Ways and Means Committee comes in. The Committee will have to pass on the taxes to pay for the scheme.

This new government contribution (and it will be huge) will pay off the present outsiders. At the same time, the present crazy payroll tax system (falsely called "insurance") will be left exactly as it is now operating. Thus, the chances are that the present horde of fixers and manipulators will be in a better position to hold on to their jobs, and the budgetary debacle will be the more devastating when eventually it arrives. Hold your hats!

Press: Last week we drew attention to a protest (signed by John Chamberlain, John T. Flynn and others) against unfair press treatment of Senator McCarthy. Besides a number of phone calls from local newsmen praising the protest, we received an interesting letter on National Press Club stationery:

"Much applause for your courageous stand for McCarthy. As a long-time member here, I've heard more claptrap and lies against McCarthy mostly by correspondents or scribblers who *never met him and never heard him speak.* I've heard McCarthy 'take them by storm' at mass meetings all the way from Hyattsville Armory to San Francisco's famous Cowbarns; and I've heard him take on his antagonists in deadly Senate debate at least 15 times. Always he played it straight, using plenty of facts and figures and logic — never raising his voice or gestures, never offensive or bull-dozing, always sounding like a good Senator and an honest citizen.

"And yet how seldom have I read any honest reportage about him. That comes from the well-known fact that our Senate and House press galleries have as many (or more) pinkos and reds and 'liberals' as any of the Government departments which the Roosevelt-Hopkins crowd loaded. Hooray for you. Do more of it. Get more money to print more statements of truth and honesty. Go farther with that message. (Signed) A friend of Truth and Justice and a long time member here."

Education Front: The Intercollegiate Society of Individualists, which has thus far confined its activities to the sending of individualistic literature to some four hundred students who have expressed an interest, recently attempted to enlarge its program with lectures. Letters to college Presidents, deans and faculty advisers offering the services of lecturers, free, have invariably been refused, we are informed. All this, of course, might have been expected. The management of ISI suspects that it may have to present its views to students in the surreptitious manner practiced by the socialists so successfully forty years ago. That is the program contemplated for next fall.

They Ought to Know: Some inmates of the State Prison Colony, Norfolk, Massachusetts, calling themselves the Norfolk Debators, took the affirmative side in a debate: "Resolved that this house regrets the advance to the Welfare State". The negative was taken by a team from the Cambridge University of England. The inmates won. Their speeches have been made available, on request, by the Foundation for Economic Education, Irvington-on-Hudson, New York.

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Wings for Peace: A Primer for a New Defense, by Brig. Gen. Bonner Fellers. Henry Regnery Company, Chicago. $3.50. Reviewed by Willis J. Ballinger.

This is a timely and important book. For millions of citizens who hope for tax relief, for millions of worried American mothers who hope a way can be found to back the Russian monster down, or for

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informed students who know that unrestrained government spending is driving the nation down the last few miles to some form of a totalitarian state — *Wings for Peace* is real meat.

Its central theme is that airpower should be the nation's preeminent weapon for defense. Major Alexander Seversky, the noted airman, has expounded this view to the American people. His last book, *Airpower — Key to Survival* (published in 1950) pounded home brilliantly the idea that airpower had now come of age, capable of being a decisive victory-producing weapon in a war — and his book is secure as a classic on the subject.

But since 1950 a number of things have happened. The State Department under Truman enveloped NATO in a smoke screen of false propaganda, hiding from the people its hopeless futility as a grand defense program for stopping Russian aggression in Western Europe. This propaganda was used to induce Congress to waste billions of good taxpayers' dollars on this military phantom.

Also, the terrifying might of Russian airpower has become known. Today Russian airpower has achieved dangerous magnitude and even when our new air force comes into being in 1955 it will be equal to only half the striking power of the Russian air force in 1952. Equally dismaying is the fact that our intelligence sources have discovered that Russia is not the industrially backward nation so many of us had hoped it was, that she has powerful airplane production plants which are working around the clock to keep Russia in control of the skies and particularly to develop intercontinental Russian-based bombers that can hit at our industrial vitals with atom bombs or deadly gases. But most disquieting of all, we have found out that Russia has concentrated a formidable air force in her polar regions and some fourteen important American industrial centers are within easy one way range of Russian bombers. And while we have fiddled with the hopeless NATO we have neglected to build up adequate anti-aircraft defenses for our industries or to solve the danger of attacks from Russian subs off our coasts.

Next, since 1950, the British have in effect repudiated NATO (which is basically a plan to fight Russia on land) and adopted a program which makes airpower her preeminent weapon. (So too has Canada.) The British actually tried hard in the summer of 1952 to get us to change our defense pattern to the air concept, but were rebuffed by the sea and land brass of the Pentagon. Finally, the demands on the taxpayer's pocketbook have reached a real crisis. Our allies are asking for billions, the war in Korea is costing more billions, still more billions are being requested for the rehabilitation of Korea, and on top of everything the Pentagon is trying to build the world's biggest army, biggest navy and biggest air force. Unless this spending can be checked and reduced, private business will be taxed out of existence.

In *Wings for Peace,* General Fellers has brought the issue of airpower up to date, by taking into account the important things that have happened since Seversky's book in 1950. And he has turned out a powerful book, interestingly written and devastating in its logic. His book is not a proposal that America withdraw from or welch on her numerous commitments to foreign nations. It is designed to show how we can best live up to those commitments — that is by giving our allies the most effective protection from Russia at a minimum cost to the American people in human lives and resources.

Put briefly, the Fellers' logic is that it would be suicide to attempt to fight Russia on land because of her overwhelming superiority in man power and her climate. We can't fight her on the sea because Russia has no surface navy of any consequence and is self-contained on her land mass. Only through the air can we win should war come. And air superiority by the free world is the best hope that Russia will not risk war. But if we allow Russia to control the skies we will give her the opportunity to level American industry and thus remove the last check to her conquest of the earth. *Wings for Peace* is *must* reading — particularly for every member of Congress.

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